

# NETWORK NEWS

INFORMATION FOR PUBLIC AND PRIVATE PARTNERS AND SUPPORTERS

## DELIVERING TECHNOLOGY ACCESS TO AMERICA'S COMMUNITIES



## Financial Literacy Promotes Self-Sufficiency

**E**ducating people about how to manage their money effectively and achieve retirement security demands participation on all levels: local, state, and national. Public-private partnership is essential. This is the same approach that our country has taken to promote literacy, itself the first step toward achieving financial literacy. The federal government can play an important role in achieving financial literacy. First, it can stimulate localities and the private sector to initiate financial education. People learn locally—through schools, workplaces, newspapers and other media, and religious organizations....

Beyond basic fairness issues, there are significant economic and social benefits of financial education. People of even modest means can realize financial security and all that it promises—such as buying a home and pursuing educational opportunities.

—Testimony on financial literacy  
by Harvey L. Pitt, chairman,  
U.S. Securities and Exchange  
Commission, before the Committee  
on Banking, Housing, and  
Urban Affairs, U.S. Senate,  
February 5, 2002.

Once residents find employment, how can Neighborhood Networks centers assist adults and teenagers with managing their income, saving money, building assets, and planning for the future?

For many people the piggy bank that they received on their sixth birthday was the extent of their financial education. That is hardly sufficient for adults on the road to self-sufficiency. Recognizing the importance of financial literacy, many Neighborhood Networks centers incorporate financial education into other self-sufficiency initiatives, such as GED classes and job training.

Financial education curricula appropriate for Neighborhood Networks centers are available, including free online curricula, CD-ROM, and written materials from nonprofit groups and government agencies. The courses typically cover the basics of consumer banking services, saving and building assets, credit, and personal financial planning.

Here are three examples of basic financial education programs available to Neighborhood Networks centers and residents—Money Smart, Managing

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U.S. Department of Housing and Urban Development  
Office of Multifamily Housing Programs  
[www.NeighborhoodNetworks.org](http://www.NeighborhoodNetworks.org)



## Financial Literacy Promotes Self-Sufficiency (continued from page 1)

*My Money, and Growing Your Money: Personal Financial Tools.*

### Money Smart

The Federal Deposit Insurance Corporation (FDIC) created the Money Smart training program to help adults outside the financial mainstream enhance their money skills and create positive banking relationships.

Money Smart's 10 instructor-led training modules cover basic financial topics, such as banking services and credit, and include:

- Bank on It: An introduction to bank services.
- Keep It Safe: Your rights as a consumer.
- Borrowing Basics: An introduction to credit.
- To Your Credit: How your credit history will affect your credit future.
- Check It Out: How to choose and keep a checking account.
- Charge It Right: How to make a credit card work for you.
- Money Matters: How to keep track of your money.
- Loan to Own: Know what you are borrowing before you buy.
- Pay Yourself First: Why you should save, save, save.
- Your Own Home: What homeownership is all about.

**Partnership With Local Banks.** Recognizing the importance of collaboration, FDIC encourages banks to work with community groups to deliver Money Smart to individuals who are outside the financial mainstream and who may be unfamiliar with the benefits of working with insured banks and savings and loans. Furthermore, the Money Smart program can help banks fulfill part of their Community Reinvestment Act obligations. Because of FDIC's commitment, Neighborhood Networks centers can develop partnerships with local banks to offer onsite financial education, such as Money Smart.

Since introducing Money Smart, FDIC has distributed more than 9,000 free

## NETWORKNEWS

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copies of the curriculum in English and Spanish to organizations nationwide. The curriculum is available on CD-ROM and in Korean and Chinese.

Money Smart's Web site ([www.fdic.gov/consumers/consumer/moneysmart/index.html](http://www.fdic.gov/consumers/consumer/moneysmart/index.html)) has more information, including staff contacts and online ordering instructions.

**Neighborhood Networks and Money Smart Plus.** In Philadelphia, the Wister Townhouses Neighborhood Networks Center and Interstate Realty Management recently introduced Money Smart Plus, a 13-week demonstration financial education program geared to residents of public and assisted housing. This pilot evolved from a collaboration between the U.S. Department of Labor (DOL) and HUD and their partners—FDIC, DOL's Pension and Welfare Benefits Administration (PWBA), the Social Security Administration (SSA), the Internal Revenue Service, and Beneficial Savings Bank—to help improve financial education and security for low-income families. In 2002 the partners established the Financial Literacy and Security Initiative (FLSI) and implemented Money Smart Plus as a demonstration project in Philadelphia, targeting operators and customers of HUD Neighborhood Networks centers and DOL CareerLink One-Stop centers.

Supplementing FDIC's Money Smart curriculum, the pilot program includes presentations by other FLSI partners—SSA, PWBA, the Women's Bureau, and Beneficial Savings Bank. To expand Money Smart Plus sites, HUD and its FLSI partners are meeting

with interested community and faith-based organizations in southeastern Pennsylvania. Project H.O.M.E, a non-profit organization in North Philadelphia serving the chronically homeless, recently started offering the program.

For more information about the Money Smart Plus demonstration program, contact:

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## Managing My Money

Managing My Money ([www.managingmymoney.com](http://www.managingmymoney.com)) was created through a partnership with the Community Action Partnership and the National Endowment for Financial Education. Here, centers and residents have quick access to comprehensive financial modules, including tips for personal financial planning and responsible money management. These modules are described below.

- **Turning Your Dreams Into Goals** helps residents clarify their goals and develop plans to reach them. It also discusses issues such as building a path to dreams, reaching goals, and financial agreements.

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**By understanding and using these skills, people can make informed financial decisions for themselves, their families, and their communities.**

## **Financial Literacy Promotes Self-Sufficiency** (continued from page 3)

- **Managing Your Money** shows residents how to live within their means, manage debt, and develop a spending plan that will help them reach their goals. It also explains why banks and credit unions are great choices for saving money, how to manage expenses if you have children, and tips on eligible tax deductions.
- **Employment ABCs** explores employment issues such as what to look for in a job, places to look for a job, becoming employable, preparing for a job interview, what to do in the days following an interview, completing applications and creating resumes, and understanding your paycheck. In addition, there are worksheet tips, employment resources, and success stories.
- **Individual Development Account (IDA)** describes one of the most promising tools available to help low-income American families save money, build assets, and enter the financial mainstream. Residents can learn the goals of IDA programs, how they help individuals, how to find where they are offered, how they work, and how to use IDA funds.
- **Your Housing Options** discusses rental and homeownership tips, including what it takes to own and maintain a home. It also provides ideas to help individuals at risk of losing their homes.


### **Growing Your Money: Personal Financial Tools**

To provide basic information about personal finance and credit, the Fannie Mae Foundation, a nonprofit organization, has written *Growing Your Money: Personal Financial Tools*, a publication (curriculum and toolkit) offering up to 12 hours of training, which includes the following sessions:

- Developing a Spending Plan.
- Working With Checking and Savings Accounts.
- Understanding Credit and Your Credit Reports.
- Getting a Loan.

By understanding and using these skills, people can make informed financial decisions for themselves, their families, and their communities.

Instructors can order *Growing Your Money: Personal Financial Tools* and up to 20 additional participant's workbooks for free by calling: (800) 943-5775. Visit [www.fanniemaefoundation.org/programs/finance\\_tools.shtml](http://www.fanniemaefoundation.org/programs/finance_tools.shtml) for more information about the toolkit.

In addition to basic financial literacy, many other online resources focus on more specialized financial topics—homeownership counseling and community-based IDA programs. Other articles in this issue of *Network News* explore these subjects. 



## Breaking Through Information Barriers to Homeownership

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Increasing homeownership, particularly for minorities, remains a primary goal of Housing Secretary Mel Martinez. To help turn renters into homeowners, Neighborhood Networks centers are providing home-buying education and counseling. There are many education resources available for prospective home buyers.

Both HUD and the Fannie Mae Foundation have free, informative homeownership materials that Neighborhood Networks centers and individual residents can download or order. Topics include saving and building assets, establishing credit, applying for and financing mortgages, and budgeting for homeowners.

### Let HUD Teach You About Homeownership

HUD's homeownership Web site ([www.hud.gov/initiatives/homeownership/index.cfm](http://www.hud.gov/initiatives/homeownership/index.cfm)) has user-friendly, comprehensive materials in English and Spanish to make home buying less complicated:

- Home-buyer kits.
- Local home-buying programs.
- Housing counseling agencies listed by geographic area.
- Predatory lending information.
- Settlement procedures.
- Homeownership workshops available in your community.

### Fannie Mae Foundation Targets Nontraditional Home Buyers

Lack of information prevents many families from buying homes, according to the

Fannie Mae Foundation. To reverse this situation, the foundation has developed multilingual and innovative educational materials for limited-income families who could become homeowners. Because Neighborhood Networks centers serve many of these same households—renters on the road to self-sufficiency—the foundation provides many valuable resources for Neighborhood Networks homeownership classes. Within the Foundation's Web site are home-buying guides in nine languages as well as guides written for new immigrants and adults working on basic literacy skills.

**Home-Buying Guides** ([www.fanniemaefoundation.org/programs/hbg.shtml](http://www.fanniemaefoundation.org/programs/hbg.shtml)). This Web site links to a series of booklets covering home-buying basics: mortgages, credit, borrowing, and local housing counseling programs. You can order or download the following free guides in English, Chinese, Korean, Vietnamese, Spanish, Russian, Haitian Creole, Polish, and Portuguese:

- ***Opening the Door to a Home of Your Own*** takes you through the steps that mortgage lenders use to qualify households for mortgages. There are also worksheets and questions that help you determine whether you are ready and qualified to buy.
- ***Knowing and Understanding Your Credit*** focuses on understanding credit reports; improving your credit; creating a nontraditional credit history; and using a budget, checking account, and savings account to take control of your credit.

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## Breaking Through Information Barriers to Homeownership (continued from page 5)

**The Fannie Mae Web site ([www.fanniemaefoundation.org/programs/homeownership.shtml](http://www.fanniemaefoundation.org/programs/homeownership.shtml)) provides hands-on programs to teach underserved populations about managing personal finances and buying a home.**

- ***Borrowing Basics: What You Don't Know Can Hurt You*** describes how to choose the best loan for your situation and avoid making a bad loan choice.
- ***Choosing the Mortgage That's Right for You*** describes the next step in buying a home. First, learn what a mortgage is and how to calculate your buying power. Second, understand the different types of mortgages available. And third, discover where to shop for a mortgage and how to compare mortgage terms.
- ***Directory of Home-Buyer Resources*** helps first-time home buyers with downpayment assistance, housing counseling, and other programs offered by nonprofit organizations and the city, state, and federal governments. This site has downloadable resources listed for 20 cities.
- Understanding Credit and Your Credit Reports.
- Getting a Loan.
- ***New Americans Initiative*** provides information on home buying to America's growing immigrant population.
- ***Native American Financial Education*** is a unique tool that helps Native Americans build on their own knowledge and develop personal financial skills while embracing Native traditions and values, such as interconnection between generations, folklore wisdom, and historical experience.
- ***Adult Literacy*** helps adults learn how to buy a home as they improve their basic literacy and English skills. It includes the following publications:

### Homeownership Education Programs

The Fannie Mae Web site ([www.fanniemaefoundation.org/programs/homeownership.shtml](http://www.fanniemaefoundation.org/programs/homeownership.shtml)) provides hands-on programs to teach underserved populations about managing personal finances and buying a home. These programs, which the Fannie Mae Foundation designed specifically for Native Americans, new Americans, and adults in basic education classes, are:

- ***Growing Your Money: Personal Financial Tools***, a publication (12-hour curriculum and toolkit) focusing on personal finance and credit. It includes:
  - Developing a Spending Plan.
  - Working With Checking and Savings Accounts.
- *English as a Second Language*, a first-of-its-kind English as a Second Language (ESL) program, which presents homeownership information in basic terms. To order copies, call (800) 544-9224.
- *How to Buy Your Own Home*, a homeownership curriculum, promotes basic literacy and math skills. It is the only workbook of its kind specifically designed for literacy and Adult Basic Education (ABE) classes. To order copies, call (800) 539-4051.
- *The Money Management and Home-Buying Readiness Sourcebook* is a comprehensive tool for teaching money management and home-buying readiness to ABE and ESL students. To order a free copy of the sourcebook, call (800) 665-0012. 

## Neighborhood Networks Residents Build Assets

**W**ho would argue economics with Alan Greenspan? In a speech last year the Federal Reserve Board chairman advocated financial education and building assets for lower-income households:

*Educational and training programs may be the most critical service offered by community-based organizations to enhance the ability of lower-income households to accumulate assets. Indeed, analysts have shown that a comprehensive understanding of basic principles of budgeting and saving, at the start, increases household wealth in later years.<sup>1</sup>*

In California's Sacramento Valley, a coalition of advocates of nonprofit groups has been doing just what the chairman recommended—providing Neighborhood Networks residents with financial education and helping them save to build assets.

### Valley Initiative for Developing Assets

Valley Initiative for Developing Assets (VIDA) ([www.mutualhousing.com/VIDA/index.html](http://www.mutualhousing.com/VIDA/index.html)) is the collaborative brainchild of three Sacramento, California, organizations: Mercy Housing California, Sacramento Mutual Housing Association, and Sacramento Valley Organizing Community (a multiethnic coalition of primarily African-American Protestant and Latino Catholic churches). This initiative combines financial education workshops with individual development account (IDA) programs.

In 1996, as part of welfare reform, the federal government authorized states to create community-based IDA programs. IDAs are unique savings accounts with incentives that encourage low-income persons to build assets for eligible activities: buying houses, enrolling in higher education or training, or starting small businesses. As incentives to save, public and private sponsors match dollars saved when IDA participants withdraw money for eligible expenses.

### Neighborhood Networks and VIDA

In the Sacramento area, VIDA is working with Foothill Plaza and Folsom Gardens Neighborhood Networks Centers and other community groups to provide residents with onsite financial education workshops in English, Hmong, Russian, and Spanish.

“When we first started the VIDA program in 1999, our workshops focused on IDAs. Then we realized that many adults first needed better grounding in basic financial information. Now we first give center stage to financial literacy and then introduce the IDA concept and program,” says Mercy Housing’s Amy Goldwitz, who coordinates VIDA and teaches financial classes. VIDA’s six-unit financial education topics are: assets, budgeting, credit and debt, investing and insurance, individual action planning, and social action.

### Sponsors Match Residents’ Savings

To provide incentives to save, VIDA has public and private sponsors that provide matching funds—a \$3-to-\$1 match

**... we realized that many adults first needed better grounding in basic financial information.**

—Amy Goldwitz  
Mercy Housing

<sup>1</sup>Remarks by Federal Reserve Board Chairman Alan Greenspan at the Ninth Annual Economic Development Summit, The Greenlining Institute, Oakland, California, January 10, 2002.

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**U.S. Department of Housing and Urban Development**  
***Neighborhood Networks***

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**Neighborhood Networks Residents Build Assets** *(continued from page 7)*

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when residents withdraw money for their first home and a \$2-to-\$1 match for postsecondary education or to start a small business. Match fund and program implementation sponsors include: Allstate Foundation, American Express Foundation, California Bank and Trust, the Federal Home Loan Bank of San Francisco, Neighborhood Reinvestment Corporation, River City Bank, Sacramento County Department of Human Assistance, Union Bank of California, U.S. Department of Health and Human Services, and Wells Fargo.

Over the past 2 years, 150 people have graduated from the financial education workshop series and 26 people have withdrawn money from their IDAs to purchase their first homes, finance postsecondary education, or start a business. Goldwitz adds, "However, more people

have used their IDAs for education and training or to start a business than they have to buy homes. That is because we do not encourage people to buy homes unless they have solid work histories and are earning enough to cover a mortgage, utilities, and all the expenses associated with homeownership. We want them to succeed as homeowners." 

For more information on VIDA, contact:

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